

Defining and developing the role of Staffing services as a Human Resource Solution

CASE: Valtra Oy Ab Suolahti

Amira Omran

Bachelor's thesis
September 2017
School of Business
Degree Programme in International Business

Author(s) Omran, Amira	Type of publication Bachelor's thesis	Date September 2017
		Language of publication: English
	Number of pages 47	Permission for web publication: x
Title of publication Defining and developing the role of Staffing Services as a Human Resource Solution Case: Valtra Oy Ab Suolahti		
Degree programme Degree Programme in International Business		
Supervisor(s) Saukkonen, Juha		
Assigned by		
<p>Abstract</p> <p>The use of staffing services has become more common during the last years and companies are using it for different needs. The purpose of the thesis was to investigate how Valtra Oy Ab Suolahti uses staffing services as a Human Resource solution for varying order backlogs. The objectives of the study were to explore, how staffing services were part of the company's HR-strategy, in which ways did it impact on the company and how the cooperation could be developed concerning the future between staffing service agency and Valtra Oy Ab.</p> <p>Qualitative research method was used as research method and it was a case-study, which means that the study concentrated only on Valtra Oy Ab Suolahti. Semi-structured interviews were used as primary data collection method and altogether ten interviews were made. Various stakeholders of the human resource management process were interviewed and participated in interviews that took place between April and June 2017. The interviews were recorded and afterwards transcribed. The data was analyzed and conclusions were drawn.</p> <p>The results of the research showed that the use of staffing services has increased. Staffing services were part of Valtra Oy Ab's HR-strategy in many ways and the study showed also numerous reasons for the use of staffing services. As human resource solution it has affected on the company in several ways and the biggest benefit were fast resource solutions. The research results revealed new ideas for develop the cooperation between Valtra Oy Ab and staffing service agency. The research brought ideas for future studies.</p>		
Keywords/tags (subjects) Human Resource strategy, staffing services, flexibility, Human resource solution		
Miscellaneous		

Tekijä(t) Omran, Amira	Julkaisun laji Opinnäytetyö, AMK	Päivämäärä Syyskuu 2017
	Sivumäärä 47	Julkaisun kieli Englanti
		Verkojulkaisulupa myönnetty: x
Työn nimi Henkilöstövuokrauksen roolin määrittäminen ja kehitys henkilöstöratkaisuna Case: Valtra Oy Ab Suolahti		
Tutkinto-ohjelma Degree Programme in International Business		
Työn ohjaaja(t) Juha Saukkonen		
Toimeksiantaja(t)		
<p>Tiivistelmä</p> <p>Henkilöstövuokrauksen käyttö on yleistynyt viimeisien vuosien aikana ja yritykset käyttävät sitä erilaisiin tarpeisiinsa. Opinnäytetyössä tutkittiin kuinka Valtra Oy Ab Suolahti käyttää henkilöstövuokrausta joustavana henkilöstöratkaisuna vaiheluihinsa. Tutkimuksessa selvitettiin, kuinka henkilöstövuokraus on osana yrityksen henkilöstöstrategiaa, millä tavoin se on vaikuttanut yritykseen ja kuinka henkilöstövuokrayrityksen ja Valtra Oy Ab:n yhteistyötä voitaisiin kehittää tulevaisuudessa.</p> <p>Tutkimuksen metodiikka pohjautui laadulliseen tutkimusotteeseen. Kyseessä oli tapaustutkimus, joka keskittyi vain Valtra Oy Ab Suolahteen. Tietojen keräämiseen käytettiin puolistrukturoituja haastatteluja, joita tehtiin yhteensä kymmenen. Tutkimukseen haastateltiin HRM prosessin eri sidosryhmiä ja haastattelut pidettiin huhti-kesäkuun aikana. Haastattelut nauhoitettiin, jonka jälkeen ne litteroitiin. Data analysoitiin ja tehtiin johtopäätökset.</p> <p>Tutkimuksen tulokset kertoivat, että henkilöstövuokrauksen käyttö on lisääntynyt. Henkilöstövuokraus on osana Valtran henkilöstöstrategiaa monella tapaa sekä tutkimuksessa selvisi lukuisia syitä siihen, miksi henkilöstövuokrausta on lähdetty käyttämään. Henkilöstöratkaisuna se on vaikuttanut yritykseen myös monella tapaa ja suurin hyöty on ollut nopeat resurssiratkaisut. Lisäksi tutkimuksessa selvisi uusia kehitysideoita Valtran ja henkilöstövuokrayrityksen yhteistyön kehittämiseen. Tutkimus synnytti ajatuksia tulevista jatkotutkimuksista.</p>		
Avainsanat (asiasanat)		
Henkilöstöstrategia, henkilöstövuokraus, joustavuus, henkilöstöratkaisut		
Muut tiedot		

Contents

1	Introduction	3
1.1	Background.....	3
1.2	The objectives of the research and research questions	5
1.3	Case company: Valtra Oy Ab Suolahti	6
2	Knowlegde base	8
2.1	Human Resource Management.....	8
2.2	Human Resource strategy	9
2.3	Personnel planning.....	14
2.4	Staffing services.....	16
2.5	Background of staffing services.....	18
2.6	Legislation concerning staffing services in Finland	19
3	Methodology.....	22
3.1	The research methods.....	22
3.2	Implementation of data collection.....	23
3.3	Data analysis and ethics	25
4	Research results	26
4.1	Staffing services as a part of the HR-strategy	26
4.2	Thoughts and Impacts of using staffing service as human resource solution	29
4.3	Current cooperation and development proposals concerning the future	32
5	Conclusion.....	34
6	Discussion	36
6.1	Assessment of the research quality	37
6.2	Ideas for further researches.....	38

References	39
-------------------------	-----------

Appendices	42
-------------------------	-----------

Appendix 1. Interview questions for HR-director and HR-Manager.....	42
---	----

Appendix 2. Interview questions for supervisors	44
---	----

Appendix 3. Interview questions for the shop steward.....	46
---	----

Figures

Figure 1. Qualitative research flow chart (adapted from Kananen 2009, 36,)	6
--	---

Figure 2. Tasks of human resource strategy (adapted from Luoma 2013, 66,).....	11
--	----

Figure 3. Strategic human resource planning model (adapted from Kauhanen 2013, (Vanhala, Laukkanen & Koskinen 2002, 320)).....	13
---	----

Figure 4. Three parties of staffing service (adapted from Ministry of Employment and the Economy, n.d., 5.)	17
--	----

1 Introduction

1.1 Background

The private staffing service industry employs significantly it is important part of Finland's economy. The industry has developed fast and concerning the future it develops even more and, also spreads to new areas. (Henkilöstöpalveluala [The Private Employment Agency Association] n.d.)

Lyytinen says in his article (2016) that in the beginning of the 21st century, staffing service agencies started to become more common. Many industrial companies, construction companies, hotels and restaurants started to hire workers from such agencies. Since then, the staffing service industry has grown and become significant form of work in every industry. In 2008, a recession started, with a consequence that number service requests of staffing agencies crashed. However, after the year of 2010 a new upturn started. (Lyytinen 2016)

According to Herralas article (2016), the private staffing service industry grew up twenty-five percent from January 2016 to June 2016, and nowadays companies use the services clearly more often. The business cycle is recovering and the rising demand for staffing, recruitment services and outsourcing indicates that. Herrala quotes (2016) Mikkonen for stating that the reason for growth is that Finnish companies have become used to using services of the industry. Herrala quotes (2016), Kiljunen for stating that the business cycle is not on a strong base, and it is hard to rely on continuous grow, which leads to a situation where flexible solution are needed more often. Kiljunen also mentions that staffing services offer a solution for companies, which have varying order backlogs, and the solution is that the companies can employ workers temporarily based on their demand. (Herrala 2016)

Company have many reasons and needs to use different lengths of employment relationships and staffing services in different kind of situations. It is typical for some industries that order backlogs vary considerably over the year, and with temporary workers, it is possible to deal with those peak situations. Confederation of Finnish Industries sees temporary work force as an easy way for a company to react quickly

and flexibly when the company's needs so require. Temporary workers help to reduce the need for overtime work, and this it helps companies own personnel to cope. (Ministry of Employment and The Economy 2012, 37-38.)

The purpose of this study was to investigate staffing service work as a flexible Human Resource solution in company, which has varying order backlogs. This was a case study and concentrate on Valtra Oy Ab, which is using staffing services as a Human Resource Solution for varying order backlogs. The topic was chosen because the staffing service industry is growing and concerning the future, it might become a more common form of work. Staffing services, as mentioned before, are a growing industry, and companies with varying order backlogs use temporary workers to deal with those peak situations.

The author is working in a staffing service agency that provides temporary workers along with other services for companies. The author works with HR tasks, hence Valtra Oy Ab and the people who were interviewed for this research were already familiar to her. This made this research somehow easier to be conduct because the research area was quite familiar and the author already had information about the topic. The research idea came from VMP Varamiespalvelu and Valtra Oy Ab as a user company gave their approval for research and this is because the company name can appear in the thesis.

The structure of the thesis

The structure of this thesis is as following. In the introduction part, the objectives and research questions are presented. Furthermore, at the end of the Introduction part the research subject Valtra Oy Ab is introduced with short overview of their background.

After the Introduction part, the thesis contains the knowledge base, a literature review. In the first part of the knowledge base, Human Resource Management, HR-strategy, Strategic Human Resource Planning and personnel planning are explored and at the end of the knowledge base, the focus moves on what temporary work in general, the background of staffing services and on the related legislation in Finland.

The Methodology part, presents the research methods, research implementation and data collection. The chapter also discusses what kind of research approach was and how the data was collected. Moreover, the data analysis and ethnics are presented. In the final chapters, the research results are analysed, and the conclusions as well as the validity and credibility of the research are discussed.

1.2 The objectives of the research and research questions

The objective of this research was to investigate and gain information about how staffing services function as a flexible Human Resource Solution. Valtra Oy Ab uses staffing services as a human resource solution for their varying order backlogs. The objectives of the study were to explore, how staffing services were a part is of the company's HR-strategy, how the services as a flexible human resource solution impacted on Valtra Oy Ab and finally, how the cooperation between staffing service agency and Valtra Oy Ab could be developed concerning the future.

Based on the research objectives, three research questions were created:

1. In what ways are staffing services a part of Valtra Oy Ab's human resource strategy?
2. How do staffing services as flexible human resource solution impact on Valtra Oy Ab?
3. How could the cooperation be developed in the future?

Research process briefly

The research process started by defining the research subject and the research topic (see Figure 1.). After the research topic was chosen, the next step was to ponder on the research questions, how the research would be implemented and what research methods would be used. This also included contacting the user company for asking their permission for this research. In addition, the validity and ethics of the research were taken into consideration. After receiving the company's permission and ensuring that this research could be conducted, the following steps were planning the table of contents of the thesis and starting to collect possible literature for the research. Along with literature researching, the author also examined whether there

were studies of similar kinds of cases. At the same time when writing the literature review, the interview areas and the structure of interviews were also selected. Next step was to outline the interview questions. Then the interview candidates were contacted again and the interview appointments were arranged. After the interviews, the data was transcribed and analyzed by using color-coding. Interpretation were made based on the research results, and after that the conclusions were drawn. (See Figure 1)



Figure 1. Qualitative research flow chart (adapted from Kananen 2009, 36,)

1.3 Case company: Valtra Oy Ab Suolahti

Valtra is manufacturer of agricultural tractors a service provider and the leading company in the field in the Nordic countries. Valtra's tractors are sold in over 75 countries and, every year 24 000 custom-made tractors are produced in its factories, which are situated in Brazil and in Finland. Valtra Oy Ab is also part and one of the several AGCO-corporation's international brands. The AGCO-corporation is an American company, and it is one of the world's biggest manufacturers, sellers and designers of agricultural machines-, and their spare parts. (Tietoa Valtrasta, [Information about Valtra] n.d.)

Valtra's employees work in versatile tasks in production, design and maintenance. In Finland the company's production plant is located in Suolahti, which is in Central of

Finland. The production area in Suolahti consists of an assembly plant, transmission plant, spare part and maintenance centre, product development department and a customer service center. Furthermore, the company's administration is situated there. (Ibid., n.d.)

Valtra Oy Ab's basic values are team play, Openness, Reliability, own initiative and Respect and their foundation is set on those values. All the decisions made are based on those five values and they are developing the cooperation with the clients, sub-contractors, the sales network, parent company, society and within the company. (Ibid., n.d.)

Valtra Oy Ab's background

According to an interview, the market fluctuations and rapid ups- and downturns have affected and changed Valtra Oy Ab's Human Resource policy during the last ten years. Earlier, the economic stability was better, and the market did not fluctuate so rapidly. After the 2008 economic downturn, agricultural markets have come permanently downwards, and fluctuations in the markets have been more rapid. The economic situation has affected Valtra Oy Ab's Human Resource policy, and therefore, new flexibility elements have had to be found. This has led to using staffing services as human resource solution. It started with one temporary worker, and the changes happened naturally, and slowly over the years so that the number of temporary workers rose.

As mentioned above, Valtra Oy Ab's production area in Suolahti consists of several plants. The factories producing tractors are the assembly plant and transmission plant and they were in focus in this research. Both factories employ tractor assemblers and material handlers. The material handler's responsibility is to see that the assemblers have the right tractor parts in the right place at the time. According to an interview, in the assembly plant there is a production line-, where the assemblers produce tractors in teams. In the transmission plant the assemblers also work in teams, but there is not a solid production line. Temporary workers work in both factories as assemblers and material handlers.

2 Knowlegde base

The structure of the knowledge base part is as follows. The first part is about Human Resource Management, HR- Strategy, Strategic human resource planning and personnel planning. The second part discusses staffing services in general, their background as well as staffing services in Finland and globally. Finally, the legislation related to staffing services in Finland is also discussed.

2.1 Human Resource Management

Sarma (2009) defines Human Resource Management as an approach to the management of people, and according to her, it is based on four fundamental principles. First principle according to her is that the most important asset that an organization has is human resources, because the effective management of human resources is the way organization to success. Secondly, she describes that organizations personnel policies and procedures need to support that organizations aims and strategic plans will be achieved. As follows the organization success can be most likely achieved. Thirdly, the culture and values of the organization, and the organizational climate affects remarkably on the organizations achievement of excellence and therefore those might need to the strengthened or changed. Fourthly, Sarma says that Human Resource Management merges, because it also encourages the members of the organization to participate and makes them work together with a common purpose. (15-16.)

According to Viitala (2013), the Human Resource Management is more important for an organization than it is mostly considered and it supports the implementation of the organization's business strategies in a decisive way. The aim of it is to ensure that the employees of the organization have the ability and motivation to work towards the organization's goals. Human Resource Management task is to ascertain that the organization has suitable workers based on their needs and that the legislation, contracts and regulations concerning the employees are followed. (10.)

Boselie (2010, 2) mentions, that the most valuable resource for organizations are considered to be the employees. Doselie (2010) quotes Delery and Doty (1996) for stating that, by managing employees according to Human Resource Management

principles, an organization can generate higher productivity levels, improve service quality towards the customers, expand sales and make more profit. (Boselie 2010, 2)

To conclude, human resource management is important for the organization and it impacts in many ways. Without employees the organization won't be capable to operate, hence it can be said that the employees are the most important asset for the organization.

2.2 Human Resource strategy

Viitala (2013) states that strategy has three stages. Those three stages are the business strategy, corporate strategy and strategies of the operational level. The business strategy determines how to ensure a company's success in the markets, and operational strategies are made for implementing the business strategy. One of the operational strategies is the human resource strategy. A human resource strategy is a plan, which editorializes the needed know-how, the amount of workforce and its future structure and, also how those will be ensured. The fulfilment of the business strategy is ensured by the way of that plan. (50.) With a human resource policy, the strategy is executed and It defines the operative level activities, the responsibilities and the time-schedule of how the strategy is executed. (ibid, 52.)

According to Luoma (2013), good human resource strategy has four different guidelines, and he describes them by using a constellation figure (see Figure. 2). He states that a good human resource strategy strengthens the whole human resource management entirety and as well as links it as a part of the business activities. (66-67.)

The first guideline on the human resource strategy is making general guidelines related to the employees. This summarizes the goal-directed world, where the organization wants to proceed. Questions for example, how much and what kind of personnel the organization should have, what kind of know-how the organization has now and what it might be like, should be answered in this guideline. At the end of the period, for which human resource strategy has been made, there should be a clear and understandable picture of the human resource management situation. The picture should also portray the principles in the human resource field that lead the organiza-

tion to its desired direction. The beneficiaries of this guideline are the entire personnel because the answers to those questions will give anyone a general idea of what human resource management wants to invest in and what its direction is. (Luoma 2013, 59-60.)

The second guideline according to Luoma (2013) is about the HR-strategy clarifying the business strategy. The precondition to this guideline is, that the organization already has a suitable business strategy. A business strategy utilizes power factors with the organization progresses forwards to the chosen direction. (61) According to Luoma (2013, 61) Ulrich and Lake (1990) divide those factors into four, namely, those related to technology, economic, marketing and people. The factors related to people create the content for this guideline. This guideline reveals to what extent issues related to the personnel have been taken into account when implementing the HR-strategy and how big a value they have had. The power factors of the personnel's activity are searched from the business strategy, which can be used as the competitive factors in the business operations. Those factors are for example, the personnel's competence, in the other words, whether it is on a higher level comparing to the competitors? Moreover, one of the factor is flexibility, which characterize the business operations and makes it possible to impose of changes. Yet another factor is diversity, which bring competitive advantage. The beneficiaries of this guideline are the managers because their task is to utilize and strengthen the competitive factors related to the personnel. (Luoma 2013, 61-62.)

Luoma states (2013), that the third guideline is the distinctiveness brought by the HR-strategy. In this guideline, the human resource strategy clarifies which human resource management divisions strive for extra value in an organization's overall operations. Human resource processes are then under examination. (62) According to Luoma (2013, 63), Ulrich and Brockbank (2005), in the centre of the human resource strategy are those processes that bring the greatest added value. By developing those processes with assertive plan, the organization's cultural identity can be achieved and strengthened over time. This defines what the organization is. The beneficiaries of this angle are the senior management, because when they understand is special for their company in the human resource management, they will understand

why some strategic directions are, compared to others, more successful. (Luoma 2013, 63-64.)

According to Luoma (2013) the fourth and last one is the HR-strategy developing the HR-function's operations. In organizations that does not have any special HR-functions, the responsibility of the human resource management is integrated to the other management. Luoma states that it more like an exception that there is HR-function in the organization than a rule. He means by that the HR-function, HR specialist or specialists can be found in bigger organizations, which have around one hundred employees. HR-function and how organization develops its competence and procedure need to be included in the HR-strategy. Defining the human resource management procedures and describing how the HR-function will be developed so that it drives the organization's endeavors related to the personnel's activity, customer service and economy, are important parts of the human resource strategy. (64, 66.)

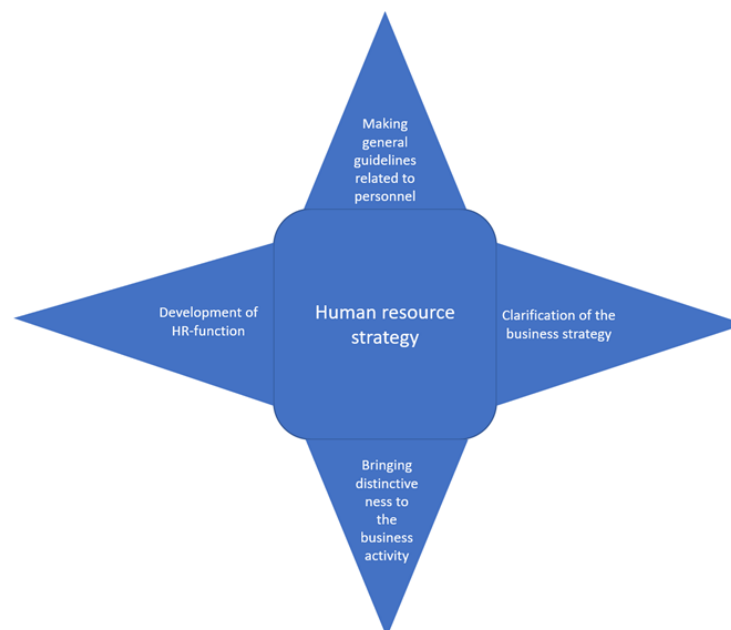


Figure 2. Tasks of human resource strategy (adapted from Luoma 2013, 66,)

Moreover, according to Viitala (2013), the HR-strategy defines how the personnel issues of the organization are managed. According to her, managing personnel issues contains what kind of HR-organization or other special personnel takes care of human resource management and what kind of issues that are related to the personnel apply internally and which externally. In addition, it contains what kinds of partners

the organization wants to collaborate with and which know-how of human resource management areas as well as operating models are developed. (52.)

As a summary to views above, the human resource strategy is linked to business strategy and it is a plan, which includes such as the demand personnel, needed competence and how it would bring more value to organizations overall activity. In order to have a good human resource strategy the organization should have those four guidelines in their strategy. In the bigger organizations they have own HR-function, which takes care of human resource management issues. In smaller companies they have rarely own HR-function and it is usually integrated to other management.

The Strategic Human Resource Planning

According to Kauhanen (2013) the strategic human resource planning is a process (see Figure 3.) by which objectives for human resources are defined. Moreover, along with that the HR-strategy is developed for reaching those objectives and then the human resource policy is created for different areas of human resource management. Information about the forthcoming personnel demand as the amount and quality of it, are received from the strategic human resource planning.

The external and internal environment are connected to human resource strategy. By charting out the external environment, the threats and possibilities could be found. The External factors influence human resources and the use of them. External factors are for example the political situation, the legislation, newest technology in the industry, values of the society, labour market, competition of the labour force, business world, the business cycle of economic market area and the population structure. The technology develops fast and sometimes it demands completely different competence than before. Economic cycle gives hints of the future as how the demand of products and services are going to develop. The political situation in turn effects on the legislation as are there changes, which are concerning the labour legislation or is there new laws legislated. In addition, changes in the values of the people affects in the development of society. Without thorough explanation, that kind of changes are hard to predict. Changes are for example the peoples attitude towards part-time job, temporary working contracts and flexible work. (Kauhanen 2013)

Internal environment is divided into two features, which are personnel's features and organizational features. When examining the features of the current personnel as well as the human resources strengths and weaknesses one of the examination objects is the structure of personnel. This means structure of gender, age, training and the amount of personnel and how long time they have worked in the company. Other objects are the level of knowledge and skills, attitudes towards work, productivity and level of performance, employee's ability to develop themselves, their commitment to work as well as to career and organization, their job satisfaction and ability and desire to cooperate. Information of those issues can be gathered from databases or by using surveys and interviews. With the information, the organization can construct a picture of how the personnel can respond for the upcoming needs and estimate do they need increase or decrease the amount of personnel as the need for training. (Kauhanen 2013)

Organizational factors, which are affecting on the human resource aims and the HR-strategy are the structure, size of the organization, life cycle and culture of the organization and the used technology. For example, the size of the organization matters, because smaller organizations are more flexible than larger ones. Larger organization's needs for example more databases and administration staff to uphold the organization. (Kauhanen 2013)

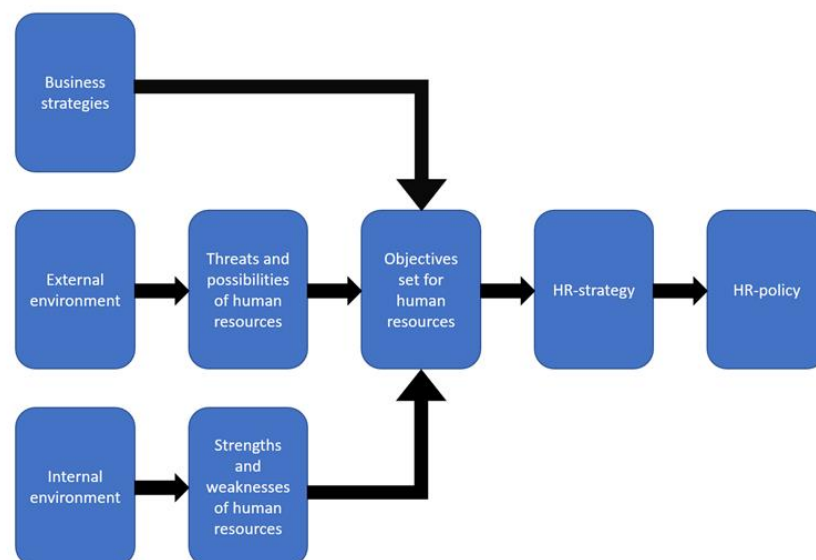


Figure 3. Strategic human resource planning model (adapted from Kauhanen 2013, (Vanhala, Laukkanen & Koskinen 2002, 320))

2.3 Personnel planning

According to Kauhanen (2013) when doing personnel planning the demand and supply of the labour force need to be observed from organizations perspective. The aim of the personnel planning is that the organization has always the right amount and kind of personnel and they are working in right positions. Organizations gathers information from product and service markets and examines the forecasts of business cycles. Based on the information they plan their upcoming business activities and estimates their budget. After that the organization defines their personnel needs. Organizations can't define the need of labour force as specifically as equipment, material or money can be defined. It is hard to predict the personnel turnover, retirements or sick leaves, and those factors can change very quickly, whether the reasons are or are not depending on organization.

It is important to start personnel planning from organizations strategy and external and internal environments are main starting points for that planning. The aim of the personnel planning is that organization has the right amount and kind of personnel, they are working in the right tasks and with right costs. Organizations effectiveness and success also depends on them. By taking care of that, organization must be capable to produce three kinds of forecasts, which are forecasts of internal and external supply of labour force, and forecast of needed labour force by region, unit etc. (Kauhanen 2013)

According to Viitala (2013) the company's business actions requires flexibility and that is the main challenge of today's personnel planning. Behind are the changes, which are unstable, difficult to predict and changing rapidly. Time span is often short and there is not time to make actions concerning the personnel till the situation is already urgent. Companies are trying to adapt themselves for rapid changes and for that reason they strive to maximize their all-round flexibility. (74) According to Viitala (2013), Atkinson and Meager (1986) have defined four dimensions for the flexibility, which were quantitative, functional, temporal and geographical. (Viitala 2013, 74.)

Companies are having ways for ensuring that the competence and labour input always responds on the best way to their production level. Those ways are also in accordance with the legislation and collective agreements. The ways that companies

are using are overtime work, flexible working hours, part-time job, temporary contract of employment, staffing services, subcontracting and buying services from external providers. (Viitala 2013, 89.)

According to Viitala (2013), there are different kind of personnel plans. The annual year plan is the most ordinary personnel plan and it determines what kind of personnel assets are needed in the forthcoming year for implementing the organizations goals. In addition, it contains what kind of actions are needed to regulate the structure and amount of the personnel. Finally, it also determines how employees will be redeveloped and other issues related to personnel, which are under planning. (68.)

Usually personnel planning contains partial plans, which can be made for departments, units or activities (Viitala 2013, 70). One partial plan is action plan of the use of flexible labour force. It is sketched in the plan that on which ways the company is striving to take care of the flexibility from the personnel's perspective. The plan involves what policies will be made regarding the working time, salary, development, the use of staffing services, layoffs and resigning's. Companies are using the staffing services is part of their flexible labour force plan. In addition, what more systematical the personnel leasing is that better conditions the company has for creating good co-operation with the staffing service agency. On the other hand, the staffing service can also predict the company's labour demand as effectively as possible. (Viitala 2013, 72.)

To conclude, the personnel planning is challenging because of the rapid changes, which can't be estimated beforehand. The ideal situation would be that the organization always have the right number of employees and in the right working positions. The organization's gather information of business cycles and markets and based on them they make plans of their forthcoming personnel needs. Even though the need for personnel can't be estimated as money or material because such as sick leaves and personnel turnover are issues, which can't be predicted. However, it's good that organizations have ways for helping that and one way is the use of staffing services.

2.4 Staffing services

Siljamäki quotes (2015), Metsä-Tokila in the article for stating that the unstable economic situation is the first reason for the growth of the staffing service industry. On this account companies are rather using temporary workers than hiring them by their own. Furthermore, Metsä-Tokila describes staffing service industry as a feeler. The changes are happening in the industry extremely quickly and afterwards reflects from there to elsewhere economy. (Siljamäki 2015)

Nikula quotes (2017) Tuliara in his article for stating that staffing services are used dealing with peak situations. Tuliara says that the staffing services assists, when volume of orders is rising, but companies are too busy to recruit or they are ventured to take permanent workers. The employer has an opportunity to can get to know the employee by the shorter employment contracts. The employees contract of employment might be continued if the volume or orders stays good and it would help employer making the decision of that, when the employee is already familiar for the company and knows the rules of the working place. Staffing services are also used for finding the skilled labour. (Nikula 2017)

Myllylä (2011) mentioned that staffing services acts as business cycle indicator, because changes in the demand causes the biggest unpredictable factor to the industry. Changes in the demand depends on the development of Finland's and Worlds economic. In the future the use of staffing services rises. The reasons behind are the fragmentation of 8 hour working day, the change of values and the tightening competition. In addition to those, the aging population increases the use by effecting on the rising amount of sick leaves. Finding new skilled labour, challenges in recruiting, companies concentrating on their core competence and network increases the use of staffing services. Moreover, the use of staffing services can be influenced by the changes in the legislation and with the collective labour agreements. As if the legislation would be more flexible concerning the use of staffing services, it would increase the use of it. (38-39.)

Staffing services in practice

Staffing services is new form of work and same provisions as in the other employment relationships are applied to it (Ministry of Employment and the Economy n.d., 4). In the staffing service, there are three parties (see Figure 3.), which are the user company, staffing service agency and temporary worker. In this case the user company is Valtra Oy Ab.

In staffing service, a company, which needs employees is called the user company and it makes a contract with the staffing service agency about hiring temporary workers. The staffing service agency works as an employer, but the actual work is done in the user company. That means the temporary worker makes a contract of the employment with the staffing service agency, even though the work is performed in the user company. The staffing service agency pays the salary for the temporary worker and takes care of all the other obligations, which belongs to the employer. For one's part, the user company's task is to guide and instruct the temporary worker. (Ministry of Employment and the Economy n.d., 5) The user company supervises and directs the work done by the temporary worker and in turn temporary worker is obliged to follow the user company's orders concerning the regulations to the work. (ibid., 15)

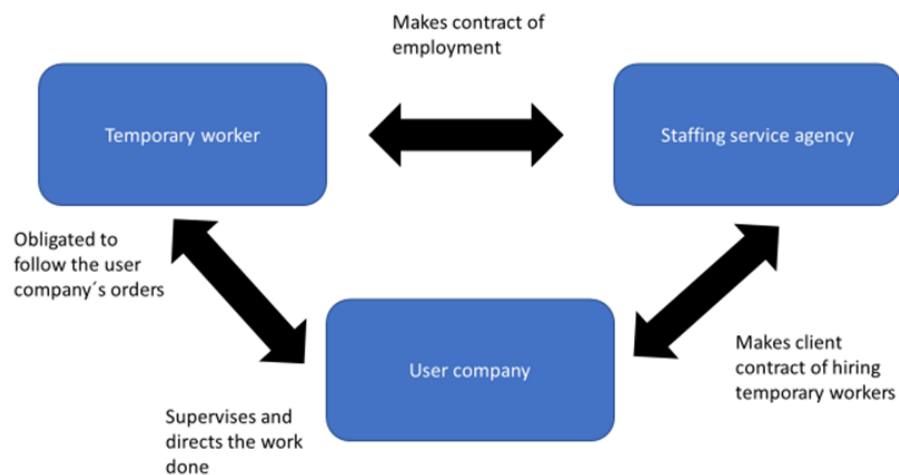


Figure 4. Three parties of staffing service (adapted from Ministry of Employment and the Economy, n.d., 5.)

2.5 Background of staffing services

According to Sädevirta (2002), Palola (1986, 400) says that in Finland the use of staffing services started to develop and become significantly more common in the 1960's. In that year it started in the shipbuilding industry and then afterwards in the 1970's it started to become common also in the white-collar worker sector. Companies continuing need for using external services increased because the society developed rapidly and competition between companies were tightening. Labour force was needed for moderating companies' personnel's substitutions and for peak and seasonal situations and the public employment agency couldn't fulfil companies need for labour force sufficiently. (Sädevirta 2002, 9.)

In 2016 there were 38 000 temporary workers on average and they covered nearly two percent of the wage earners. In addition, that was 7 000 temporary workers more than in the year 2015. In 2016 the use of staffing services was most common in the manufacturing industry, in the wholesale and retail industry and in the accommodation and catering business. (Työvoimatutkimus [Labour force survey] 2016)

To conclude, the staffing service industry has grown during the years. Staffing services became more common in 1960's and it started from the shipbuilding industry, which can be categorized to the manufacturing industry. Even in these years the use of staffing services is common in the manufacturing industry.

Staffing services globally

The world's staffing service penetration rate in 2014 was around 1,6 percentages. Most markets had recovered from the economic crisis, which was in 2013 by showing some improvements in the penetration rate. In Finland, the agency work penetration rate was 1,2 percentages. Elsewhere in Europe as in France it was 2%, in Germany 2,1% and in the United Kingdom it was 3,9%. In the Japan the penetration rate was 2% and in the USA, it was 2,2%. (International Confederation of Private Employment Services 2016)

According to the World Employment Confederation Economic report (2017), the world's average penetration rate in 2015 was 1,7 percentages. In Finland the penetra-

tion rate was 1,2%, in France it was 2,1%, in Germany 2,4% and in the United Kingdom the penetration rate was the highest by 3,8, %. In USA, the penetration rate was 2,2% and in Japan 2,0. (12.)

According to International Confederation of Private Employment Services economic report (2016) most of the agency work is done in the services sector by 40 percentages and secondly comes the manufacturing good sector by 32 percentages. Other sectors where are temporary workers are the construction, agriculture, public administration.

To conclude, the Worlds penetration rate has increased by one percentage from 2014 to 2015. Finland's penetration rate has in turn stayed the same. Comparing the penetration rate of Finland to other countries in 2015, it shows that the use of staffing services is more common elsewhere abroad.

2.6 Legislation concerning staffing services in Finland

There isn't own legislation concerning staffing services in Finland. However, general regulations concerning the employment relationship are applied to staffing services and among with those there are also special provisions related to temporary work. The provisions concerning temporary work are contained in the Occupational Safety and Health Act, the Employment Contracts Act, the Equality Act, The Act on CO-operation within Undertakings such as the Contractor's Obligations and Liability Act when work is contracted out. (Ministry of Employment and the Economy 2012, 35.)

As mentioned earlier there are three parties in the staffing service. According to Ministry of Employment and the Economy (2012) temporary worker has employment relationship with the staffing service agency and there is contractual relationship between staffing service agency and the user company. The user company and staffing service agency have obligations, which are determined by the applicable collective labor agreement and labor legislation. (35.)

Staffing service agency and the user company has shared responsibility related to temporary worker. The responsibilities are determined by rights and obligations of Employment Contracts Act. Staffing service agency plays the employers role and is responsible of paying salary for temporary worker and arranging Occupational health

care. In addition, staffing service agency is responsible to take care of other obligations which are belonging to the employer. The user company is on the other hand responsible of the issues, which are related to performed work and it's arrangements. (Ministry of Employment and the Economy 2012, 35.) The Employments Contracts Act says following:

If, with the employee's consent, the employer assigns an employee for use by another employer (user enterprise), the right to direct and supervise the work is transferred to the user enterprise together with the obligations stipulated for the employer directly related to the performance of the work and its arrangement. The user enterprise must provide the employee's employer with all the information, which is necessary for the fulfilment of the employer's responsibilities. (L 707/2008, §7.)

Staffing service agency and the user company has shared responsibility also in occupational safety and health. Both parties are obligated to ensure that employees can perform work safely and that their health is not in danger. The user company responsibilities are monitoring employees work as well as arranging conditions concerning workplace safety, hygienic and healthy. In turn staffing service agency is obligated to arrange statutory occupational health services for the temporary worker. Staffing service agency and the user company must always take occupational safety issues into account when negotiating the client contract. For that reason, the collaboration between both parties is important. (Antola, Kammonen, Lehtoranta, Virta & Kähärä 2015, 3-4.)

Before starting the work, the party which is receiving the worker must define, what kind professional qualifications and special features the work requires to be performed. Then the recipient informs them to the employer and employer informs them forward to temporary worker. The employer must be sure that the temporary worker fits for the work concerned the as well as he/she has adequate professional skills and experience. (L 23.8.2002/738, 3 §)

The recipient of labour shall especially take care of orienting the employees into the work and the working conditions of the workplace, to the occupational safety and health procedures and, when necessary, to the arrangements for cooperation and information on occupational safety and health and for occupational health care. (L 23.8.2002/738, 3 §)

The user company is responsible to follow working time law regulations in the employment relationship, because staffing service agency cannot typically affect on rota planning or working time arrangement. Staffing service agency is obligated to monitor the working time records and that the overtime will not run over the maximum limits. (Antola et al. 2015, 5.)

The Act on the Contractor's Obligations and liability when work is contracted out is to promote that the competition between companies are equal as well to ensure that they are following the terms of employment. In addition, the purpose of the Act is give companies conditions to check that they are dealing with partners, who are fulfilling their legal obligations as employer and contracting partner. (L 22.12.2006/1233, 1§) The aim of the Act is also to prevent grey economy (Contractor's Obligations and Liability, n.d.).

Act on Co-operation within Undertakings apply in the user company, which has over 20 employees that are working regularly. Temporary workers are not considered when counting the number of company's employees. In co-operation procedure, the company must address in advance that in which circumstances and with what quantity they are going to use staffing services. The Act on co-operations within undertakings applies as well to staffing service agency if they have at least 20 employees that are working regularly. There is employment relationship between temporary workers and staffing service agency and for that reason temporary workers are considered when counting the application limit for the Act. (Ministry of Employment and the Economy, n.d., 26-27)

There are around 300 companies that are members of The Private Employment Agencies Association HPL (HPL, n.d.). The Private Employment Agencies Association monitors and that all the member companies are acting responsible and are commitment to follow the associations acting principles and regulations. The industry has general terms and conditions concerning the staffing services and recruitment. Those terms and conditions clarifies that the staffing service agency and the user company are both aware of the regulations and shared responsibility. General terms and conditions are set as an attachment along with the contract between staffing service

agency and user company and it contains specifications about the process, responsibilities of the both parties, the validity of the contract, in case of reclamation and what are the compensations for the damages. (Vastuullisuus, [Responsibility] n.d.)

3 Methodology

The purpose of this study was to examine staffing services as a flexible human resource solution in a company that had changing volumes of orders. In this chapter, the research methods are explained and how the study was implemented. It also reveals what methods were used for the data collection and how the collected data was analyzed.

3.1 The research methods

The qualitative research approach was used for this study. According to Hennink, Hutter and Bailey (2011), qualitative research is an approach in which the researcher uses certain research methods to examine experiences of the people in detail and is allowed to do so. Those methods that can be used are in-depth interviews, observation, focus group discussion, content analysis, visual methods and life histories or biographies. (8-9.)

The qualitative research design in this study was a case-study. The study focused only on Valtra Oy Ab, which made this research a case study. According to Merriam (2016, 40), Creswell (2013, 97) defines the case study as follows:

Case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in depth data collection involving multiple sources of information (e.g., observations, interviews, audiovisual material, and documents and reports), and reports a case description and case-based themes.

This study was implemented by conducting in-depth interviews. The qualitative research approach was used because it was more suitable than a quantitative research method. According to Hennink, Hutter and Bailey (2011), there are differences between qualitative and quantitative research. The purpose of quantitative research is to quantify the research problem, and the issues are measured and counted. Then

these findings are generalized to a broader population. The findings of quantitative research are gathered from a study population, which is an occasional sample of the respondents. The data collection method is often a survey and the outcomes lead to the identification of statistical trends, patterns, averages, frequencies and correlations. (16-17.)

In qualitative research, the purpose is that the researcher understands or can explain behaviors and beliefs of the people as well as identify processes and understand the factual connection of people's experiences. The data for qualitative research is collected by using different methods such as interviews, group discussions or participant observation and the data is in a textual form. (ibid., 17.)

3.2 Implementation of data collection

The data was collected with in-depth interviews. According to Hennink, Hutter and Bailey (2011), in-depth interview is data collection method where are two parties, which are the interviewer and interviewee and they are discussing of some specific topics in depth. In-depth interviewing contains a semi-structured interview, creating a trust relationship between the interviewer and interviewee, asking questions in an open and empathic way and, also motivating the interviewees to share their stories. The researcher's uses semi-structured interview guide in the interview in order to gain insight into specific issues. (109.)

Interviewing was selected as the data collection method, because it was the best way to collect the needed data. The needed data could not be collected by using some other data collection method such as a survey, because then the questions would not be answered in length and the interviewer could not ask any follow-up questions.

The study population consisted of ten interviewees and they were selected purposively. The selected interviewees were the HR-director, HR-manager, supervisors of the production plants and shop steward. The HR-director and HR-manager were chosen because it was relevant to know how they saw the use of staffing services as a human resource solution and what improvement ideas they had concerning the future. They were also the best experts of how the use of staffing services was related to the HR-Strategy. The supervisors of the production plants were selected because

they were the supervisors of the temporary workers and they saw the whole process from the grass root level. In this thesis three assembly plant supervisors, two transmission plant supervisors and two supervisors of the material handlers were also interviewed. The shop steward was also selected because he had a major impact on human resource issues and on the use of temporary work force. All the interviewers had worked in Valtra Oy Ab for several years and they had seen what the situation was before and how it was today.

Implementing the interviews

The interviews were implemented by using a semi-structured interview guide. The interview guides were in the Finnish language because the interviews were held in Finnish as well. The interview guides were translated into English afterwards, and are found in the appendixes. According to Hennink, Hutter and Bailey (2011, 112) an interview guide contains a list of several questions that interviewer uses during an interview as a memory aide and the purpose of it is to guide the interview. The questions are open, simple-, and short form. Moreover, the questions are externalized in a way that interviewee cannot give yes or no as an answer and the questions do not direct the interviewee's story into a certain direction. If the interviewee can answer to the question by saying yes or no, it means that the question is not open. (Hennink et al. 2011, 118.)

The first interviewee was the HR-director and the interview was held in a closed room where there were no distractions. The interview was recorded and it lasted for approximately 45 minutes. The HR-director was chosen to be the first interviewee because the author believed that the interview might give new thoughts concerning the topic and evoke interesting questions that could be utilized in the other interviews. This was true, and after the first interview, the other interview guides were edited.

Altogether three interview guides were made, one for the HR-director and HR-manager, one for the shop steward and one for the plants supervisors. Altogether ten interviews were conducted and they were all recorded and transcribed afterwards. All the interviews were held in Finnish. Nine interviews were made face to face, but one interview had to be conducted over the phone, because it was hard to

find time for a meeting that would have been suitable for both. Nevertheless, the interview was recorded by using an application intended for phone call recording. The interviews lasted from 20 to 45 minutes, and they were organized in quiet places, where there were no distractions. The interviews were conducted between April and June 2017. The interview guides are found at the end of the thesis in the appendices.

3.3 Data analysis and ethics

Every interview was recorded and transcribed. Face to face interviews were recorded by using mobile audio recording of mobile phone and phone interview was recorded by using phone recording application. Transcription of the records were done soon as possible that the interview situation was still in good memory. All the records were transcribed verbatim, even though it was time consuming. However, it was the best way to do the transcription.

The interviews were held in Finnish and the they were transcribed from the records in Finnish as well. After interviews were transcribed verbatim, they were analyzed and then the findings were written in English. According to Merriam (2016) there are two strategies of translating the collected data into other language, which differs from the original one. Those strategies are; doing the transcript in the used language and after that translating it verbatim into English or working with the original language and the research findings will be translated into English. In both strategies there need to be “back translation”, which means that the translation can be translated back into the original language. It determines how reliable the translation is what closer translation is to the original one. (299.)

After the interviews were transcribed verbatim, texts were gone through multiple times. The data was analyzed by using color-coding and divided into three categories, based on the interview areas and three research questions. Then the findings were done in English and the results were compared and combined. Quotations, which are used in the results part are transcribed precisely as they can from Finnish language.

Ethics

Before starting the thesis, the permission was asked from Valtra Oy Ab for doing this research. After receiving the approval from Valtra Oy Ab, the research was started.

Altogether ten interviews were made and interviewees involvement was voluntary. The e-mail was send to all the interviewees for asking their permission for the interview. The interviews were recorded with permission and permissions for recording were asked before starting the interview. The interviews were also made anonymous, which means that names of the participants were not mentioned or published at any point of the research. Before publishing the thesis, HR-manager of Valtra Oy Ab went thought the thesis for checking does it includes parts, which need to be confidential and cannot be published.

4 Research results

In this chapter, the research results are analyzed based on the interviews. This chapter is divided into three categories in accordance with the research questions. The research questions are addressed and answered in order.

The first research question was already partly answered in the Introduction part, where Valtra Oy Ab was introduced. In the Introduction part (see page 6 and 7) Valtra Oy Ab's background was explained as well as how the human resource strategy had changed during the recent years and why the use of staffing services was included in the strategy. In this chapter, the first question is answered more extensively.

4.1 Staffing services as a part of the HR-strategy

According to the interviews Valtra Oy Ab did not use staffing service agencies because they took care of the short- term and long-term recruitments by themselves. The use of staffing services had grown over the last few years, and as one interview mentioned, earlier they were used to a smaller extent, and only in panic- like, urgent situations, while now it was systematic. At the beginning, staffing services were used more sparsely. It started with one temporary worker, and their numbers increased over the years. Before, Valtra Oy Ab recruited new employees by themselves and the employees were taken straight into their own payroll. Now they are in the payroll of staffing service agency, which is paying their salary. Moreover, at the beginning when

Valtra Oy Ab started to use staffing services they took workers from different suppliers, but now they are using only one agency.

According to the interview, and as mentioned already in the Introduction part, the main reason behind the use of staffing services is fluctuations in the markets. The rapid fluctuations of markets have changed Valtra Oy Ab's human resource policy in the last ten years. Earlier, the economic stability was better, and the markets did not fluctuate that fast. After the economic crisis of 2008, the agricultural markets have gone permanently downwards, and the changes in markets have been more rapid. Nowadays, the future is difficult to predict and according to one interviewee, the demand of tractors is wavelike and seasonal. Market fluctuations had affected so that Valtra Oy Ab has had to find new flexibility elements and that has been accomplished by using staffing services. Valtra Oy Ab started to use staffing services as a flexible human resource solution and it was used for the company's need for growth and as recruitment channel.

Furthermore, in one interview it was mentioned that Valtra Oy Ab's human resource manager also influenced on the fact that they started to use staffing services. The manager brought the idea to Valtra Oy Ab that it would be good idea to use staffing services because of the many good aspects of using them. It came up from the interviews that, in the year 2004 AGCO-corporation bought Valtra Oy Ab and it has also influenced on their human resource strategy such as where they would find flexible Human Resource Solutions. Staffing services has been used before in their factories in Germany and France. This model has been compared to Suolahti's plant and they have tried to exploit that flexible model in there. Staffing services is still used more widely in the factories of Germany and France than it is used in Suolahti.

According to interviews, Human Resource Strategy of Valtra Oy Ab is implemented with their main budgeting. In main budgeting, the information about the forthcoming production volume transmits to human resource and the strategy. Two important elements of their Human Resource Strategy are the main budgeting and the production plan. Main budgeting includes sales budgeting, production budgeting and resource budgeting. Those budgets are checked four times in a year and forecasts are made. Production plan means the whole working year calendar, which means that how many tractors will be manufactured in a day or in a week. More fine-grained

plan of production plan is local contract of working-time arrangements, whereby the production volume will be achieved. Through that the amount of personnel will be determined. This means that the production volume determines how much personnel will be needed and in that stage staffing services takes place.

Staffing service agency is part of Valtra Oy Ab's human resource strategy in turning points, for example if they need to increase the production. Staffing service agency is as a partner along with them at the meetings, where they are planning about the upcoming operation methods, what kind of know-how will be found from staffing service agency and how they are prepared for Valtra Oy Ab's upcoming needs. If there are plenty of new workers starting to work at Valtra Oy Ab, the briefing and training will be gone through with staffing service agency to make sure that all the new people will get along smoothly to Valtra Oy Ab's production activity.

According to interview, the Finnish industrial union is also taking part. Valtra Oy Ab has their workers, which are in their payroll book and certain number of temporary workers, which are in temporary agency's payroll book. There is agreement how much staffing services can be used and there are rules, which are followed mutually.

Personnel planning

Based on the interviews, staffing services is along with personnel planning of production factories. Personnel planning is part of supervisor's work and every supervisor is responsible of their own areas personnel planning. In personnel planning it will be determined, how many workers they have and in which tasks. Supervisors task is to do their own areas personnel planning on the way that is functional and there are right number of workers in right task. If some worker is going for a long sick leave or for other vacation it effects on personnel planning. As mentioned before the production plan and how many tractors are made in a day, effects on the amount of personnel. Supervisors presents their personnel plan to their managers and they will go it through together. The plan is not updated regularly and the supervisors will go it through with their managers in situations when there are coming changes to the production.

Supervisors were asked how the staffing services effects on personnel planning. Interviewees answered that there is not direct effect on personnel planning, but it has

helped on the way that they can get employees faster than before. There needs to be certain number of workers in each working team and if there is lack of worker because of sick leave, resigning's or for some other reason, they need someone for replacing him/her. If worker is away for two or three weeks it is worth of taking temporary worker and it takes time for new person to learn the work task. In those cases, when there is urgent need for really short time the replacement happens through internal transfers. However, it brings challenge because it's hard to predict how long someone is going to be on sick leave and for that reason sometimes the need for substitute comes abruptly.

According to interview, personnel planning requires arrangements. When new worker comes, supervisors need to think what kind of work task would be best option to give for new person. If new person is coming for shorter time, it would be best to give him/her work task, which is easier and faster to learn. That means, that sometimes supervisors must do arrangements regarding the work tasks and some worker, which has worked there longer could be moved temporary to other tasks. If new worker is coming for a longer time, several work tasks could be taught for him/her.

4.2 Thoughts and Impacts of using staffing service as human resource solution

Many kinds of thoughts arose up of the use of staffing service. Interviewees were asked what they think about staffing services as a human resource solution. Generally, all the interviewees had positive opinions and experiences of temporary work as a human resource solution. Many interviewees mentioned, that it is good flexibility element. One interviewee mentioned being satisfied with this model and thinks that it is better now when they are using temporary workers than before when they weren't. Staffing services were seen a positive solution and interviewees said it is a huge help, when the markets are wavelike and their order backlog varies. One interviewee said following:

"In this kind of situation, it is good because we are living uncertain time and we don't know is it going to rise or fall, and where the economy is going to swing."

One interviewee's opinion differs slightly from the other interviews. Interviewee saw it only as a functional operating model for fast changes as for compensating peak ranks and seasonal variations, but didn't support it as an operating model for long term needs. From the interviewee's perspective the situation would be the same if Valtra Oy Ab's would take employees to their own payroll book or through staffing service agency.

Impacts of using staffing services as a human resource solution

Based on the results, the biggest impact and benefit of staffing services is the fast resource solution. This means that, Valtra Oy Ab gets solution fast for long sick leaves, parental leaves and for job alternation leaves. For example, when their own employee ends up in long sick leave, they get someone fast to stand in for him/her. In one interview the flu wave was given as an example. When its flu wave, there might be even ten percentage of the workers sick. Along with flu wave some workers are in parental leaves and in other leaves and in this kind of situations they need a lot of fill-ins for them. Moreover, one interviewee mentioned that it has made everything easier because staffing service agency knows what kind of know-how and workers Valtra Oy Ab is looking for. The reason for that there is long collaboration behind between Valtra Oy Ab and staffing service agency. Besides, it has made it easier to plan when knowing that there are supplement resources available when needing more workers. The workers are already interviewed by staffing service agency and the supervisors are making follow-up interviews for the candidates. It was also mentioned in one interview, that getting new person fast ensures that there are always right number of workers in every work task, which helps his own work:

"It helps my own work, that I don't need to be nervous and stressed out about how we will get issues done."

According to the interviews fast Human Resource solution effects also on work community, quality of the product and to resources of the company. It has major effect on work community, because when they get new person to fill in under-resourcing, other workers won't need to work overtime or stand in for others and get tired. Momentarily new person can weaken the quality of the product, because as a new em-

ployee the person can't produce top quality right away, but if team are under-resourced for long, can the urgency effect on the quality of the product equally weakening.

Fast resource solution relieves also Valtra Oy Ab's own resources. For example, their Human Resource Department won't need to recruit new employees and interview them and then they have time for other things. It is also a great recruitment channel, because temporary agency does the recruitment process and pre-pruning for them. Possible follow-up interviews will be at Valtra Oy Ab held by the supervisors and they will make the final decisions of employees, which will be selected.

"It has changed and become much easier to get personnel. It is not behind that hard work anymore, because before we haven't used staffing services or personnel through staffing service agency."

According to interviews, before it was harder to get someone to fill-in for someone. Now it has made supervisors job easier on the way that they don't need to recruit new employees by themselves and answer for the job applicant's questions concerning the opened job place. Specially now because there has been a lot of changes happened in short period. Before supervisors went through the recruitment process by their own but now temporary agency does the recruitment process for them and they get employees, which are already interviewed for the position. That releases supervisors own working time for other tasks. Here two illustrative excerpts:

"Per se it is quite effortless for us or helps our own work quite much. I don't need to start look for employees or put job advertisements, so it is a huge help."

"The biggest benefit, what is seeing to me are the preparations."

Rapid ups and downs of the markets effects on the amount of personnel and staffing services as flexible human resource solution has made it possible, that they have less co-operation negotiations. Therefore, layoffs and reducing personnel can be decreased remarkably.

Other matters which came up, but they were mentioned only in one interview. One interviewee mentioned, that before there were two suppliers for temporary workers, but now there is only one. That has made it easier, that now they can call only one

place, when needing employees. Also, one interviewee mentioned, that good side of temporary work is that, it is good way to get to know employees. Good employees will easily imprint on one's mind. That way the temporary worker has better chance to get regularized.

According to one interviewee the use of staffing services has a bit unclear, on the way that there is a third party in the process. Interviewee saw that it is easier to make agreement between two parties than three. Even though the interviewee emphasized being satisfied of the collaboration with staffing services. One positive impact has been also, that new workers have brought transparency to the process, because they notice issues, what older worker won't probably notice. For example, on the way that guidelines are updated. Older workers remember the guidelines automatically and they won't need the guidelines. New workers notices, if some work tasks can't be done by some instructions.

4.3 Current cooperation and development proposals concerning the future

Generally, thoughts of temporary work were positive and based on the research results cooperation between staffing service agency and Valtra Oy Ab is functional. One interviewee said that staffing service agency is already part of Valtra Oy Ab and its activities. Long collaboration has made it also easier to get new employees because as mentioned in previous chapter, staffing service agency already knows what kind of workers the supervisors are looking for. One Interviewee said that the collaboration is deep for that reason. One interviewee said following of the collaboration:

"This have been developing well all the time and it is in my opinion in good level."

In addition, Interviewees mentioned that it is easy to reach the contact persons of the staffing service agency through e-mail or phone. One interviewee mentioned that it is easy to discuss with contact persons and they can discuss openly. Besides, one interviewee mentioned, that he is satisfied with the collaboration between him and the temporary agency. Here illustrative excerpt:

"In my opinion, this has worked well and we have had quite good liaison."

Improvement and development ideas concerning the future

It was asked from every interviewee, how could the cooperation between temporary agency and Valtra Oy Ab be improved? Even the cooperation was perceived good and functioning, there arose some improvement ideas.

In the interviews, the familiarization came up couple times. Familiarization to work tasks is remarkable division and it is important that many workers have gone through the major part of the familiarization before starting the actual working. Familiarization process could be lightened and they want to ensure good and quality familiarization for new worker. Some of the interviewees mentioned that there should be more time for familiarizing the new workers. However, it was taken into consideration that rapid changes bring challenges and there isn't always enough time for long familiarization. Furthermore, two interviewees mentioned that there could be information letter made of every plant where is told more detailly about the working tasks. This would help new employees familiarizing to work tasks.

Three interviewees mentioned regular meetings as development idea. They are already having meetings, but the meetings could be more regular. Meetings could be set in advance and for example next meeting would be set right away after the held meeting. In regular meetings, they can go through the review with staffing service agency about how the things are going. One interviewee mentioned that besides having a group meeting, it would be also good to have meeting individually with every supervisor. Therefore, issues can be discussed even more detailly than in group meeting. Individual meetings could be held via phone or face to face.

One interviewee mentioned, that the cooperation between temporary agency and Valtra Oy Ab can be improved by new information technology communication solutions. In the future there could be developed new interaction practices such as a graphical view in the production plant where supervisors can be seen the number of workers, their work task, name of the supervisor and the length of an employment relationship. Through that, it could be ensured that supervisors would be even more aware of all the workers. For example, if worker's employment contract is ending in transmission plant and there is need for worker in assembly plant, he/she can move to work there.

One improvement proposal was that how the need for extra resources can be predicted better and earlier? As mentioned before, changes according to personnel vary fast and sometimes the need for extra worker comes at extremely short notice. However, one interviewee said that the most important issue is the basic process, which means that they get good workers fast, trouble-free and whenever they have the need.

5 Conclusion

Based on the results, staffing services as a human resource solution is functional and the results showed more positive than negative issues. Combining the theoretical part to research results the consistency can be seen and the theoretical part supports the results.

The first research question examines staffing services as a part of Valtra Oy Ab's Human Resource Strategy. Research results indicate, that staffing services were part of their Human Resource Strategy in many ways and it can be seen in management level as in managerial level. According to results the use of staffing services has been rising. The biggest reason for Valtra Oy Ab of using staffing services is the fluctuations of the markets. Staffing service agency is part of the HR-strategy when there are upcoming changes concerning the personnel. As Viitala stated (see page 15) that better cooperation can be created between both parties what more systematic the personnel leasing is. In Valtra Oy Ab's case that can be seen because there is long and deep collaboration behind with staffing service agency and the agency knows what kind of know-how Valtra Oy Ab is looking for. As one interviewee mentioned that temporary agency is already part of Valtra Oy Ab and their actions.

According to Kauhanen (see pages 12 and 13) there are many issues, which are affecting the human resource strategy. In this case the biggest factor which effects is the rapidly changing markets. One interviewee mentioned that it is hard to predict the future and it is impossible to know, what could be the situation at the end of the year. Besides external issues there are also internal factors, which are affecting and those issues are sick leaves, parental leaves and job alternation leaves. Those issues bring challenge to the personnel planning and as Viitala stated (see page 14) that the

companies action requires flexibility brings challenges. Beside the economic situation, sick leaves are also hard to predict.

The second research question was how staffing services as human resource solution impacted on Valtra Oy Ab. The use of staffing service impacted on Valtra Oy Ab in several ways and it is good flexibility element when having changing volume of orders. According to the research results, the biggest impact and benefit, which came up in the interviews was that it is fast resource solution. Fast resource solution effects on company, production and work community. Staffing service agency takes care of recruiting, which effects on the way that it relieves Valtra Oy Ab's own resources. HR-department and supervisors won't need to take care of recruitment and they have more working time left on other tasks. Fast resource solution effects on the production and work community that they get fast someone to fill-in sudden sick leaves, paternity leaves or job alternative leaves. Fast fill-in impacts that others are not under pressure of overtime work or they won't get tired as they would be if they are under-resourced for long. Employees are important company because they have huge impact on the effectiveness and to the production.

The last research question was to investigate how the cooperation between temporary agency and Valtra Oy Ab could be developed concerning the future. By means of this research question it was investigated how the cooperation can be developed and what are the issues, which needs improvement. Along with that information was gained about how the current cooperation were perceived. Today's collaboration between staffing service agency and Valtra Oy Ab were seen functional, but some improvement and development ideas came up from interviews. The most common development idea were regular meetings and more time for familiarization. Interviewees were hoping to have even more regular meetings by group and they could be agreed beforehand. New information technology would make easier for supervisors to stay updated of all the workers in both factories and they can see for example, if there is releasing an employee from other plant. This would be useful in situations when some of the supervisors are having sudden need for employee, but it would also help the future personnel planning.

All the Improvement and development given ideas by interviewees can be put into practice. Those ideas would contribute that the future rapid changes could be predicted a bit more.

6 Discussion

The objective of the thesis was to examine, how does staffing services functions as a Human Resource Solution in a company, which has changing volume of orders. The research was implemented as qualitative research and interviews were used as a data collection method. All the interviews were made between April and June 2017 and altogether ten interviews were made. Nine of them were face to face interviews and one interview was conducted over the phone. There appeared plenty of similar kind of results in the interviews. Time scheduling for arranging interviews brought some challenges because it was hard to find suitable time for both parties.

This research is beneficial in the future because the research results of how to improve and develop staffing service agency and Valtra Oy Ab's collaboration in the future could be taking into action. In addition, this study gives valuable information for the staffing service agency of how the supervisors, shop steward, HR-director and HR-manager perceives staffing services and what are the impacts of using staffing services as a human resource solution. Other companies might also benefit of this study by seeing how does staffing services as a human resource solution works in practice and they might also see it as good human resource solution for them.

The subject was extremely interesting and the subject area was quite wide at the beginning. Wideness brought challenges for doing this research, because for the beginning it was hard to choose where to put the borders that the study area is not too wide. The research was limited to company's perspective of how they perceived the use of staffing services as a human resource solution, what were the impacts to the company, how it was part of their human resource strategy and how could the cooperation be developed in the future.

6.1 Assessment of the research quality

According to Kananen (2011, 66) it is crucial that in scientific research the reliability, validity and quality issues are verified. In this study the data was collected through ten interviews. More interviews were not made because the author realized, that the saturation point has been reached. According to Kananen (2011, 68) that is reached when the answers start to repeat themselves and new aspects stop appearing. All the persons, which were closed to the subject and suited best to the research were interviewed and therefore the best answers related to research were gained. If the research would be done again, the results would be very likely the same. Even though, the interviewees were familiar to the Author, she stayed neutral through the whole research process and didn't editorialized or steered interviewees thoughts. Therefore, it was to that extent ensured that the research results were reliable and credible.

According to Kananen (2011, 66.) the validity refers to that the thesis has given an answer to all the questions, which were meant to answer in the research and therefore it means that the researcher has investigated right things. Relying on that it means that this study is valid and has succeeded.

"Generalizability means that the results can be transferred or applied to other situations or circumstances" (Kananen 2011, 67.). Based on that the research can be also generalized and the results can be transferred to other production plants. The market fluctuations effects on several companies and similar kinds of internal and external factors can be found in every company. Staffing service could be similarly functioning solution for other companies, which needs flexibility element. Results reveals, what kind of impacts staffing service work has for company's different areas, such as work community, production and company's own resources. It could be also cogitated, that in the factories of Germany and France, there would be similar kind of results, because this model has become from there and they are using staffing services more.

6.2 Ideas for further researches

Considering about possible further researches, there could be done several researches. One possible further research idea would be similar kind as this research but from temporary workers and Valtra Oy Ab's own workers perspective. It would bring out different kind of perspective of how the temporary workers and Valtra Oy Ab's own workers perceive the use of staffing services and what they think are its positive and negative attributes. That kind of research would bring important and valuable information to both staffing service agency and Valtra Oy Ab.

Another further research idea is that, there could be research made of other production facility, which is using staffing services as a human resource solution as well. Then the research results could be compared and examined, if there are similar or differential experiences and what are the reasons for them.

Also, there could be done follow-up research of how they use staffing services in other factories, which are in France and Germany. Those factories results could be compared to Valtra Oy Ab Suolahti and examine if there are some differences and what are the reasons behind. Also, cultural differences could be considered.

References

- Antola, M., Kammonen, L., Lehtoranta, T., Virta, S. & Kähärä, E. 2015. *Henkilöstövuokraus ja työturvallisuus*. [Staffing services and occupational safety]. 3rd ed. Työturvallisuuskeskus TTK, palveluryhmä. 3-5. Assessed on 3 May 2017. Retrieved from https://ttk.fi/files/4633/Henkilostovuokraus_ja_tyoturvallisuus.pdf
- Boselie, P. 2010. *Strategic Human Resource Management: A Balanced Approach*. Berkshire: McGraw-Hill Higher Education, 2
- Contractor's Obligations and Liability. N.d. Tilaajavastuu website. Assessed on 10 July 2017. Retrieved from <https://www.tilaajavastuu.fi/en/act-on-the-contractors-obligations-and-liability-when-work-is-contracted-out/>
- Helsilä, M., Salojärvi, S., Luoma, M., Korppoo, L., Juuti, P., Janakka, T., Hakonen, N., Vesterinen, P., Kemppainen, R., Suutari, V., Viitala, R. 2013. *Strategisen henkilöstöjohtamisen käytännöt*. [Practices of Strategic Human Resource Management]. 2nd ed. Helsinki: Talentum, 61-64, 66-67.
- Henkilöstöpalveluala. [The private staffing service industry]. N.d. The Private Employment Agencies Association website. Assessed on 17 March 2017. Retrieved from <http://www.hpl.fi/henkilostopalveluala/yleista-henkilostopalvelualasta.html>
- Hennink, M., Hutter, I. & Bailey, A. 2011. *Qualitative research methods*. Los Angeles: Sage, 8,9,16,17,109,112,118.
- Herala, O. 2016. *Henkilöstövuokraus vetää kovaa - talouden ankeimmat ajat takana*. [Staffing services runs hard- the worst times of the economy behind]. Article on Kauppalehti website. Assessed on 17 March 2017. Retrieved from <http://www.kauppalehti.fi/uutiset/henkilostovuokraus-vetaa-kovaa---talouden-ankeimmat-ajat-takana/beyzE3Cq>
- HPL. N.d. The Private Employment Agencies Association website. Assessed on 18 April 2017. Retrieved from <http://www.hpl.fi/hpl/hpl-lyhyesti.html>
- International Confederation of Private Employment Services. 2016. *Economic Report*. Assessed on 10 May 2017. Retrieved from <http://www.wecglobal.org/economicreport2016/enabling-adaptation.html>
- Kananen, J. 2011. *Rafting through the thesis process: Step by step guide to thesis research*. Jyväskylä: Publications of JAMK University of Applied Sciences, 36, 66-67.
- Kauhanen, J. 2013. *Henkilöstövoimavarojen johtaminen*. [Human Resource Management]. 10.-11 ed. Helsinki: Sanoma Pro. Assessed on 20 March 2017. Retrieved from [https://verkkokirjajhyly-almatalent-fi.ezproxy.jamk.fi:2443/teos/EABBIXGTFF#kohta:2.\(\(20\)Liiketoimintastrategia\(\(20\)ja\(\(20\)henkil\(\(f6\)st\(\(f6\)strategia\(\(20\)\(:Henkil\(\(f6\)st\(\(f6\)strategia\(\(20](https://verkkokirjajhyly-almatalent-fi.ezproxy.jamk.fi:2443/teos/EABBIXGTFF#kohta:2.((20)Liiketoimintastrategia((20)ja((20)henkil((f6)st((f6)strategia((20)(:Henkil((f6)st((f6)strategia((20)
- L 22.12.2006/1233. Laki tilaajan selvitysvastuusta ja vastuusta ulkopuolista työvoimaa käytettäessä. [Act on the Contractor's Obligations and Liability when Work is Contracted Out]. Finlex. Assessed on 10.7.2017. Retrieved from <https://www.finlex.fi/fi/laki/ajantasa/2006/20061233>

L 23.8.2002/738. *Työturvallisuuslaki*. [Occupational Safety and Health Act]. Finlex. Assessed on 10.5.2017. Retrieved from <http://www.finlex.fi/fi/laki/ajantasa/2002/20020738>

L 23.8.2002/738. *Occupational Safety and Health Act*. Unofficial Translation. Ministry of Economic Affairs and Employment, Finland. Assessed on 15.7.2017. Retrieved from <https://www.finlex.fi/en/laki/kaannokset/2002/en20020738.pdf>

L 707/2008. Employment Contracts Act. Unofficial Translation. Ministry of Economic Affairs and Employment, Finland. Assessed on 15 July 2017. Retrieved from <https://www.finlex.fi/en/laki/kaannokset/2001/en20010055.pdf>

Lyytinen, J. 2016. *Vuokratyö yleistyy ja leviää myös päällikkötehtäviin – ”Saan päättää itse, milloin teen töitä”*. [Temporary work generalizes and spreads also chief tasks – ”I can decide by myself, when I’m working”]. Article on Helsingin sanomat website. Assessed on 17 March 2017. Retrieved from <http://www.hs.fi/ura/art-2000002904493.html>

Merriam, S. B. 2016. *Qualitative research: A guide to design and implementation*. 4rd ed. San Francisco, CA: Jossey-Bass. 40, 299. Assessed on 15 May 2017. Retrieved from <http://web.a.ebscohost.com.ezproxy.jamk.fi:2048/ehost/ebookviewer/ebook/bmxlYmtfXzEwMjI1NjJfX0FO0?sid=3003c624-0164-43ba-9c6b-0bbfcfc61d9c@sessionmgr4006&vid=0&format=EB&rid=1>

Ministry of Employment and the Economy. N.d. *Guidebook for temporary agency work*, 4-5, 15, 26-27. Assessed on 10 April 2017. Retrieved from https://tem.fi/documents/1410877/2106637/TEM_vuokratyopas_en.pdf/d4d30e13-0e93-43cb-a6a1-41fe825da545

Ministry of Employment and the Economy. 2012. *Työvoiman käyttötapojen ja työn tekemisen muotojen muutostrendejä selvittävän ja kehittävän työryhmän väliraportti*. 35, 37-38. Assessed on 20 April 2017. Retrieved from <https://ek.fi/wp-content/uploads/Trendiryhmn-vliraportti-2012-05-15.pdf>

Myllylä, Y. 2011. *Vuokratyövoiman käytön syitä yrityksissä, joissa on käyty yt-neuvotteluja*. [Reasons of using staffing services in corporations, which have gone through co-operation negotiations]. Mee Publications. Assessed on 12 July 2017. Retrieved from <https://tem.fi/documents/1410877/3346190/Vuokraty%C3%B6voiman+k%C3%A4yt%C3%B6n+syit%C3%A4+yrityksiss%C3%A4+joissa+on+k%C3%A4yty+yt-neuvotteluja+29062011.pdf>

Nikula, J. 2017. *Työn vuokraamisesta tuli arkea*. [Leasing work became casual]. Article on Keskipohjanmaa website. Assessed on 15 July 2017. Retrieved from <https://www.keskipohjanmaa.fi/143208/tyon-vuokraamisesta-tuli-arkea/s/41b57ef8>

Sarma, A. 2009. *Personnel and Human Resource Management*. Global Media, 15-16. Assessed on 28 August 2017. Retrieved from <https://ebookcentral-proquest-com.ezproxy.jamk.fi:2443/lib/jypoly-ebooks/detail.action?docID=3011129>

Siljamäki, J. 2015. *Vuokratyötä tekee vuosittain noin 100 000 ihmistä*. [Every year approximately 100 000 people are doing temporary work]. Article on

Keskisuomalainen website. Assessed on 15 July 2017. Retrieved from <http://www.ksml.fi/talous/Vuokraty%C3%B6t%C3%A4-tekee-vuosittain-noin-100-000-ihmist%C3%A4/380615>

Sädevirta, M. 2002. *Määräaikaiset työsuhteet ja työvoiman vuokraus*. [Temporary employment relationships and leasing labour]. Helsinki: WSOY lakitieto, 9.

Tietoa Valtrasta. [Information of Valtra]. Valtra webpage. Assessed on 24 March 2017. Retrieved from <http://www.valtra.fi/tietoa-valtrasta.aspx>

Työvoimatutkimus. [Labour force survey]. 2016. Suomen virallinen tilasto. Helsinki: Tilastokeskus. Assessed on 19 April 2017. Retrieved from http://www.stat.fi/til/tyti/2016/13/tyti_2016_13_2017-04-12_kat_002_fi.html

Vastuullisuus. [Responsibility]. N.d. The Private Employment Agencies Association website. Assessed on 17 March 2017. Retrieved from <http://www.hpl.fi/vastuullisuus/mita-vastuullisuus-on.html>

Viitala, R. 2013. *Henkilöstöjohtaminen- Strategisena kilpailutekijä*. [Human Resource Management- As a Strategic competitor]. 4rd ed. Helsinki: Edita Publishing Oy

World Employment Confederation: The voice of Labour Market Enables. 2017. *Economic Report: Enabling work, adaption, security & prosperity*. 12. Assessed on 10 May 2017. Retrieved from http://lin2.pixular.be/ciETT2016/fileadmin/templates/ciETT/docs/Stats/WEC_ER2016_web-1.pdf

Appendices

Appendix 1. Interview questions for HR-director and HR-Manager

Haastattelukysymykset henkilöstöpäällikölle ja henkilöstöjohtajalle puoli-strukturoitua haastattelurunkoa käyttäen.

1. Millainen Valtran henkilöstöstrategia oli ennen henkilöstön osalta?
2. Miten henkilöstöstrategianne muuttunut viimeisien vuosien aikana?
 - a) miksi?
 - b) mitä seurannut?
3. Millainen rooli VMP:llä/ henkilöstövuokrauksella on henkilöstöstrategiasanne?
4. Miten tuotannonvaihtelut vaikuttavat henkilöstöstrategiaanne?
5. Kuinka usein henkilöstöstrategianne laaditaan?
6. Millaisia vaikutuksia henkilöstövuokrauksen käytössä joustava henkilöstöratkaisuna on ollut yritykselle?
7. Miten näet VMP:n ja henkilöstövuokrauksen käytön joustavana henkilöstöratkaisuna tulevaisuudessa?
8. Miten yhteistyötämme voidaan kehittää/parantaa tulevaisuutta ajatellen?
9. Onko teillä jotain lisättävää tai mitä haluaisitte tuoda esille?

Interview questions for HR-director and HR-Manager by using semi-structured interview guide. Translation of the Finnish version.

1. What kind of human resource strategy Valtra Oy Ab had before regarding personnel?
2. How human resource strategy has changed during recent years?
 - a. Why?
 - b. What have been followed from that?
3. What kind of role VMP and staffing services have in the human resource strategy?
4. How the fluctuations in order backlogs effects on the human resource strategy?
5. How often human resource strategy is made?
6. What kind of impacts the use of staffing service as flexible human resource solution has brought for company?
7. How do you see VMP and staffing service as a flexible human resource solution in the future?
8. How can the cooperation between VMP and Valtra Oy Ab be developed/improved concerning the future?
9. Do you have something to add or what you would like to bring out?

Appendix 2. Interview questions for supervisors

Haastattelukysymykset esimiehille puoli-strukturoitua haastattelurunkoa käyttäen.

1. Kuinka kauan olet toiminut esimiehenä?
2. Millaisia muutoksia henkilöstövuokrauksen käytössä on tapahtunut viimeisien vuosien aikana?
3. Kuinka vaikutat osastosi henkilöstösuunnitteluun ja millainen rooli henkilöstövuokrauksella on siinä?
4. Kuinka usein henkilöstösuunnitelma päivitetään?
5. Mitä mieltä olet henkilöstövuokrauksen käytöstä joustavana henkilöstöratkaisuna?
6. Mitä vaikutuksia henkilöstövuokrauksen käytössä on ollut?
 - a) omaan työhösi?
 - b) tuotantoon?
 - c) henkilöstöön?
7. Miten näet VMP:n ja henkilöstövuokrauksen käytön joustavana henkilöstöratkaisuna tulevaisuudessa?
8. Miten näet VMP:n ja Valtra Oy Ab:n yhteistyön ja onko sinulla ehdotuksia, miten yhteistyötä voitaisiin parantaa/ kehittää tulevaisuudessa?
9. Onko sinulla jotain lisättävää tai mitä haluaisit tuoda esille?

Interview questions for supervisors by using semi structured interview guide. Translated from Finnish.

1. How long have you worked as supervisor?
2. What kind of changes have happened in the use of staffing services over the last years?
3. How do you effect on our own units personnel planning and what kind of role staffing service has in it?
4. How often the personnel plan is updated?
5. What do you think about the use of staffing services as flexible human resource solution?
6. What kind of impacts there has been on the use of staffing services?
 - a. to your own work?
 - b. production?
 - c. personnel?
7. How do you see VMP and the use of staffing services as human resource solution in the future?
8. How do you see the cooperation between VMP and Valtra and do you have any suggestions, how it can be developed/improved in the future?
9. Do you have something to add or what would you like to bring out?

Appendix 3. Interview questions for the shop steward

Haastattelukysymykset luottamusmiehelle puoli-strukturoitua haastattelurunkoa käyttäen.

1. Kuinka kauan olet toiminut pääluottamusmiehenä?
2. Minkä osastojen pääluottamusmiehenä toimit?
3. Mitä työnkuvaasi kuuluu pääluottamusmiehenä?
4. Mitä mieltä olet henkilöstövuokrauksen käytöstä joustavana henkilöstöratkaisuna?
5. Miten käsityksesi henkilöstövuokrauksesta on muuttunut viimeisien vuosien aikana?
 - a. miksi?
6. Mitä vaikutuksia henkilöstövuokrauksen käytössä joustavana henkilöstöratkaisuna on ollut?
 - a. yritykselle?
 - b. henkilöstölle/työyhteisölle?
7. Miten näet VMP:n ja Valtra Oy Ab:n yhteistyön ja haluaisitko kehittää/parantaa jotain?
8. Onko sinulla jotain lisättävää tai mitä haluaisit tuoda esille?

Interview questions for the shop steward by using semi structured interview guide. Translated from Finnish.

1. How long have you been working as a shop steward?
2. In which departments do you work as a shop steward?
3. What belongs into your job description as a shop steward?
4. What do you think about using staffing services as flexible human resource solution?
5. How your opinion has changed about staffing services during the last years?
 - a. why?
6. What kind of impacts there has been on the use of staffing services as flexible human resource solution?
 - a. for the company?
 - b. for the personnel/work community?
7. How do you see the cooperation between VMP and Valtra Oy Ab and would you like to develop/improve something?
8. Do you have something to add or what would you like bring up?